

**ILLUSTRATIVE BENEFITS FOR RETIRED WORKERS, DISABLED WORKERS, AND SURVIVORS SCHEDULED UNDER CURRENT LAW**

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The Social Security program provides income to retired workers and their families, qualifying disabled workers and their families, and survivors of workers. The *progressivity* of the Social Security benefit formula allows individuals with lower earnings to receive monthly benefits that are a higher percentage of such earnings compared to that percentage for those with higher earnings. For hypothetical earners with a range of full-lifetime average earnings levels<sup>1</sup> at a range of ages in 2008, this note displays their current earnings in 2007 and the amounts they would expect to receive at benefit entitlement.

The assumptions underlying the attached tables are similar to those used in the annual Social Security statement mailed to workers and former workers aged 25 and older. Specifically, the benefit amounts reflect no increase in the cost of living or in the average wage level after 2007. Thus, the benefit estimates for workers retiring in future years are on a roughly comparable basis to the benefit estimates for disabled workers and survivors of deceased workers, which both assume benefit entitlement in 2008.

All hypothetical workers, except the maximum,<sup>2</sup> are assumed to have scaled earnings patterns beginning at age 21. These patterns reflect the actual experience of insured workers during 1991-2004, which show relatively low wages and probability of work at younger and older ages and higher relative wages and probability of work at mid-career.<sup>3</sup> Earnings levels after 2007 for scaled workers illustrated in this note are not assumed to increase due to changes in the average wage level, but are assumed to follow the scaled earnings pattern as age increases. It is important to note that this approach for

determining future earnings differs from that used in the annual Social Security statement.

Four tables are attached. The tables allow workers at various ages in 2008 to look up potential future benefit levels consistent with their earnings level in 2007. Each table lists *earnings in 2007* at their current age and *annual benefit amounts* at entitlement for hypothetical individuals associated with the following full-lifetime average earnings levels: \$10,000, \$20,000, \$30,000, \$40,000, \$50,000, \$60,000, and maximum. Each table provides this information for individuals at specified attained ages in 2008. Additional information about each table is provided below.

- **Table 1A: Retired Workers Who Become Entitled at Normal Retirement Age (NRA).** This table also shows the percentage of fully insured workers with full-lifetime average earnings at or below each of the seven listed earnings levels. These percentages are based on the earnings of a one-percent sample of individuals, aged 25 through 65, who are fully insured in 2005. The illustrated benefits are for workers only. There may be additional benefits for auxiliary beneficiaries such as spouses and dependent children. The NRA has increased recently to 66 for those turning age 62 in 2005. It will increase further beginning with those turning age 62 in 2017, reaching 67 for those turning age 62 in 2022 and later.
- **Table 1B: Retired Workers Who Become Entitled at Age 65.** The only difference between this table and table 1A is that the hypothetical worker retires at age 65 rather than NRA, resulting in lower benefit amounts due to reduction for early retirement. The illustrated benefits are for workers only. There may be additional benefits for auxiliary beneficiaries such as spouses and dependent children.
- **Table 2: Disabled Worker Annual Benefit Amounts.** For the seven full-lifetime average earnings levels listed above, this table provides benefit amounts assuming benefit entitlement in 2008 for disabled workers aged 25, 35, 45, and 55.

<sup>1</sup> The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2007) expected for the illustration assuming that the worker survives to age 65 without becoming disabled.

<sup>2</sup> For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2007. Earnings after 2007 are assumed to equal the taxable maximum of \$97,500 for 2007.

<sup>3</sup> For more details on development of the scaled earnings patterns, see Actuarial Notes 2007.3, located at: [www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html](http://www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html), and 2008.3 (forthcoming).

In addition, the table provides, for each full-lifetime average earnings level, the percentage of disability insured workers with average earnings at or below the earnings level. These percentages are based on earnings of a one-percent sample of individuals, aged 25 through 64, who are disability insured in 2005. The illustrated benefits are for workers only. There may be additional benefits for auxiliary beneficiaries such as spouses and dependent children.

- **Table 3: Survivor Annual Benefit Amounts.** For each of the seven full-lifetime average earnings levels, this table provides benefit amounts assuming that the deceased worker would have attained ages 25, 35, 45, or 60 just before dying in 2008. In each case, the surviving spouse is assumed to be the same age as the deceased worker

and to become entitled to benefits in 2008. Benefit estimates are provided for three scenarios of survivor beneficiaries: (1) spouse and one child (spouse only for the age 60 case), (2) one child only, and (3) spouse and two children. Because of the family maximum benefit provision, annual benefit amounts for a *spouse and two children* are the same or only moderately higher than for a *spouse and one child*. In addition, the table provides, for each full-lifetime average earnings level, the percentage of fully insured workers with full-lifetime average earnings at or below the earnings level. These percentages are based on the earnings of a one-percent sample of individuals, aged 25 through 65, who are fully or currently insured in 2005.

**Table 1A: Retired Worker Annual Benefit Amounts<sup>1</sup> Scheduled in Current Law**

For Insured Workers at Various Ages Who Become Entitled at Normal Retirement Age (NRA) With Various Lifetime Earnings Patterns<sup>2</sup>

Age in 2008	Age at benefit entitlement (NRA)	Estimated earnings in 2007 and benefit at entitlement (NRA)							
25	67	<i>Earnings in 2007</i> . . . . .	\$5,765	\$11,531	\$17,296	\$23,061	\$28,827	\$34,592	\$97,500
		<i>Benefit at entitlement</i> . . . .	8,352	11,556	14,760	17,952	21,156	23,280	28,908
35	67	<i>Earnings in 2007</i> . . . . .	9,727	19,455	29,182	38,910	48,637	58,365	97,500
		<i>Benefit at entitlement</i> . . . .	8,352	11,556	14,760	17,952	21,156	23,280	28,980
45	67	<i>Earnings in 2007</i> . . . . .	10,961	21,922	32,884	43,845	54,806	65,767	97,500
		<i>Benefit at entitlement</i> . . . .	8,352	11,556	14,760	17,952	21,156	23,280	29,028
55	66	<i>Earnings in 2007</i> . . . . .	10,617	21,234	31,852	42,469	53,086	63,703	97,500
		<i>Benefit at entitlement</i> . . . .	8,352	11,556	14,760	17,952	21,156	23,280	28,944
65	66	<i>Earnings in 2007</i> . . . . .	6,980	13,961	20,941	27,922	34,902	41,883	97,500
		<i>Benefit at entitlement</i> . . . .	7,776	10,764	13,740	16,728	19,716	21,672	26,328
<b>Full-lifetime earnings level<sup>3</sup></b> . . . . .			<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>
Percent of fully insured workers with career average earnings at this level or below <sup>4</sup> . . . . .			13	30	47	63	75	84	100

<sup>1</sup> The assumptions underlying the above benefit estimates are similar to those used for the Social Security Statement. These estimates reflect no increase in the cost of living or average wage and earnings levels after December 2007. However, earnings after 2007 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for table VIF10 of the 2008 Trustees Report.)

<sup>2</sup> Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These patterns reflect the actual experience of insured workers during 1991-2004. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2007. (For 2007, this amount was \$97,500.) For more details on the scaled-earnings patterns see Actuarial Notes Number 2007.3, located at: [www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html](http://www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html), and 2008.3 (forthcoming).

<sup>3</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2007) expected for the illustration assuming the worker survives to age 65 without becoming disabled.

<sup>4</sup> Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who are fully insured in 2005.

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**Table 1B: Retired Worker Annual Benefit Amounts<sup>1</sup> Scheduled in Current Law**  
For Insured Workers at Various Ages Who Become Entitled at Age 65 With Various Lifetime Earnings Patterns<sup>2</sup>

Age in 2008	Age at benefit entitlement		Estimated earnings in 2007 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2007</i> . . . . .	\$5,765	\$11,531	\$17,296	\$23,061	\$28,827	\$34,592	\$97,500
		<i>Benefit at entitlement</i> . . . .	7,236	10,008	12,792	15,564	18,336	20,172	25,056
35	65	<i>Earnings in 2007</i> . . . . .	9,727	19,455	29,182	38,910	48,637	58,365	97,500
		<i>Benefit at entitlement</i> . . . .	7,236	10,008	12,792	15,564	18,336	20,172	25,116
45	65	<i>Earnings in 2007</i> . . . . .	10,961	21,922	32,884	43,845	54,806	65,767	97,500
		<i>Benefit at entitlement</i> . . . .	7,236	10,008	12,792	15,564	18,336	20,172	25,152
55	65	<i>Earnings in 2007</i> . . . . .	10,617	21,234	31,852	42,469	53,086	63,703	97,500
		<i>Benefit at entitlement</i> . . . .	7,800	10,788	13,776	16,764	19,740	21,732	27,000
65	65	<i>Earnings in 2007</i> . . . . .	6,980	13,961	20,941	27,922	34,902	41,883	97,500
		<i>Benefit at entitlement</i> . . . .	7,260	10,044	12,828	15,612	18,408	20,220	24,360
<b>Full-lifetime earnings level<sup>3</sup></b> . . . . .			<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>
Percent of fully insured workers with career average earnings at this level or below <sup>4</sup> . . . . .			13	30	47	63	75	84	100

<sup>1</sup> The assumptions underlying the above benefit estimates are similar to those used for the Social Security Statement. These estimates reflect no increase in the cost of living or average wage and earnings levels after December 2007. However, earnings after 2007 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for table VI.F10 of the 2008 Trustees Report.)

<sup>2</sup> Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These patterns reflect the actual experience of insured workers during 1991-2004. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2007. (For 2007, this amount was \$97,500.) For more details on the scaled-earnings patterns see Actuarial Notes Number 2007.3, located at: [www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html](http://www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html), and 2008.3 (forthcoming).

<sup>3</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2007) expected for the illustration assuming the worker survives to age 65 without becoming disabled.

<sup>4</sup> Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who are fully insured in 2005.

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**Table 2: Disabled Worker Annual Benefit Amounts**

For Disability Insured Workers Entitled in 2008 at Selected Ages and With Various Lifetime Earnings Patterns<sup>1</sup>

Age at benefit entitlement in 2008		Earnings in 2007 and benefit for 2008						
25	<i>Earnings in 2007</i> . . . . .	\$5,765	\$11,531	\$17,296	\$23,061	\$28,827	\$34,592	\$97,500
	<i>Benefit at entitlement</i> . . . . .	4,284	7,992	9,528	11,052	12,576	14,100	27,984
35	<i>Earnings in 2007</i> . . . . .	9,727	19,455	29,182	38,910	48,637	58,365	97,500
	<i>Benefit at entitlement</i> . . . . .	7,080	9,984	12,504	15,024	17,544	20,064	27,960
45	<i>Earnings in 2007</i> . . . . .	10,961	21,922	32,884	43,845	54,806	65,767	97,500
	<i>Benefit at entitlement</i> . . . . .	7,896	10,848	13,800	16,752	19,704	21,996	27,912
55	<i>Earnings in 2007</i> . . . . .	10,617	21,234	31,852	42,469	53,086	63,703	97,500
	<i>Benefit at entitlement</i> . . . . .	8,076	11,208	14,340	17,472	20,604	22,500	27,600
<b>Full-lifetime earnings level<sup>2</sup></b> . . . . .		<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>
Percent of disability insured workers with career earnings at this level or below <sup>3</sup> . . . . .		7	24	42	60	73	83	100

<sup>1</sup> Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These patterns reflect the actual experience of insured workers during 1991-2004. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2007. (For 2007, this amount was \$97,500.) For more details on the scaled-earnings patterns see Actuarial Notes Number 2007.3, located at: [www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html](http://www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html), and 2008.3 (forthcoming).

<sup>2</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2007) expected for the illustration assuming the worker survives to age 65 without having become disabled.

<sup>3</sup> Based on a 1% sample of actual earnings histories for individuals aged 25 through 64 who are disability insured in 2005.

Note: These estimates reflect no increase in the cost of living after December 2007.

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**Table 3: Survivor Annual Benefit Amounts**

For Survivors Entitled in 2008 at Selected Ages and With Various Lifetime Earnings Patterns of the Deceased Spouse<sup>1</sup>

Age of deceased spouse in 2008	Age of surviving spouse in 2008	Benefit at entitlement in 2008 and deceased spouse's earnings in 2007							
25	25	<i>Spouse and one child</i> . . . . .	\$7,056	\$12,432	\$14,952	\$17,472	\$19,992	\$22,512	\$42,096
		<i>Child only</i> . . . . .	3,528	6,216	7,476	8,736	9,996	11,256	21,048
		<i>Spouse and two children</i> . . . . .	7,056	12,444	14,964	18,396	22,956	27,528	49,116
		<i>Earnings of deceased spouse in 2007</i> . . . . .	5,765	11,531	17,296	23,061	28,827	34,592	97,500
35	35	<i>Spouse and one child</i> . . . . .	11,472	15,576	19,680	23,760	27,864	31,944	42,144
		<i>Child only</i> . . . . .	5,736	7,788	9,840	11,880	13,932	15,972	21,072
		<i>Spouse and two children</i> . . . . .	11,484	15,588	22,380	29,652	33,300	37,272	49,188
		<i>Earnings of deceased spouse in 2007</i> . . . . .	9,727	19,455	29,182	38,910	48,637	58,365	97,500
45	45	<i>Spouse and one child</i> . . . . .	11,904	16,392	20,904	25,392	29,880	33,168	41,904
		<i>Child only</i> . . . . .	5,952	8,196	10,452	12,696	14,940	16,584	20,952
		<i>Spouse and two children</i> . . . . .	11,904	16,452	24,600	31,104	35,124	38,712	48,888
		<i>Earnings of deceased spouse in 2007</i> . . . . .	10,961	21,922	32,884	43,845	54,806	65,767	97,500
60	60	<i>Spouse only</i> . . . . .	5,748	7,980	10,200	12,420	14,640	16,032	19,308
		<i>Child only</i> . . . . .	6,036	8,364	10,692	13,020	15,360	16,824	20,256
		<i>Spouse and two children</i> . . . . .	12,072	17,040	25,500	31,692	35,856	39,252	47,280
		<i>Earnings of deceased spouse in 2007</i> . . . . .	8,909	17,818	26,727	35,636	44,545	53,454	97,500
<b>Full-lifetime earnings level<sup>2</sup></b> . . . . .		<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>	
Percent of fully or currently insured workers with career average earnings at this level or below <sup>3</sup> . . . . .		14	31	48	64	76	84	100	

<sup>1</sup> Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These patterns reflect the actual experience of insured workers during 1991-2004. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2007. (For 2007, this amount was \$97,500.) For more details on the scaled-earnings patterns see Actuarial Notes Number 2007.3, located at: [www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html](http://www.socialsecurity.gov/OACT/NOTES/ran3/an2007-3.html), and 2008.3 (forthcoming).

<sup>2</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2007) expected for the illustration assuming the worker were to survive to age 65 without becoming disabled.

<sup>3</sup> Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who are fully or currently insured in 2005.

Note: These estimates reflect no increase in the cost of living after December 2007.

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